

6. In October, 1996, arbitration hearings were conducted by the MPSC. MCI presented evidence regarding all aspects of an interconnection agreement with SWB, including the terms of a proposed agreement which MCI submitted into evidence at the hearing.

7. In November, 1996, the parties to the arbitration proceeding filed initial and reply briefs with the MPSC. In its briefs and evidentiary submissions, MCI addressed all aspects of interconnection including the need for adoption of MCI's proposed interconnection agreement. (Testimony of MCI's Witness, Joanne Russell, Exhibit C.) MCI further specifically requested that the MPSC set a date certain upon which MCI and SWB would be required to incorporate the terms of the arbitration order and submit a signed interconnection agreement. Copies of MCI's Initial and Reply Briefs are submitted herewith as Exhibits D and E.

8. SWB urged the MPSC not to adopt MCI's proposed agreement. SWB did not substantively contest the provisions of the proposed agreement beyond the other issues enumerated in MCI's briefs, but rather urged the MPSC to direct the parties to conduct further negotiations on all other issues.

9. On December 11, 1996, the MPSC issued its Arbitration Order, a copy of which is submitted herewith as Exhibit F. In the Order, the MPSC failed to set permanent rates (issues 23 - 31, and 36) and failed to resolve numerous other issues submitted for arbitration, including MCI's request for adoption of its proposed interconnection agreement subject to reconciliation with the other parts of the award by a date certain (Arbitration Order issue 42).

10. Specifically, with regard to rates, the MPSC set forth rates for some unbundled network elements, interconnection and resale and indicated it would set permanent prices "at a later date" (e.g., Exhibit F, at 32). In a number of instances, however, the MPSC did not set any rates, permanent or otherwise. For these terms that MCI submitted for arbitration, sub-loop elements, network interface devices, interim number portability, and busy line verification/emergency interrupt, the MPSC made no decision and called for submission of additional evidence by SWB (Exhibit F, issues 5, 7, 11, and 21).

11. Regarding the items from MCI's term sheet for which MCI requested arbitration (Arbitration Order, issue 42), the MPSC acknowledged that "virtually every detail" of interconnection had been presented to it, but it nonetheless refused to arbitrate those terms. Instead, it deferred resolution of those issues, stating, "The Commission has dedicated the necessary staff resources to hearing and resolving these issues and hereby encourages the parties to complete the process by negotiating their final agreements in compliance with this Arbitration Order." Further, the MPSC stated: "The Commission finds that no other terms are necessary to complete this arbitration." (Arbitration Order, issue 42).

12. The MPSC also failed to address MCI's request for a deadline for the parties to file an interconnection agreement for approval. In the Arbitration Order, the Commission directed that "Southwestern Bell Telephone Company, AT&T Communications of the Southwest, Inc. and MCI Telecommunications Corporation shall negotiate a final agreement for submission to Missouri Public Service Commission consistent with this order." (Arbitration Order, at 48)

13. In contrast, in other pending cases in Missouri involving arbitration of interconnection agreements between each of AT&T and Sprint with GTE, the MPSC had imposed deadlines for conclusion of post-award negotiations and submission of interconnection agreements for approval by the MPSC under 47 U.S.C. § 252(e). (Exhibits G and H)

14. On December 20, 1996, MCI filed with the MPSC an Application for Clarification, asking that the MPSC clarify its Arbitration Order by setting a deadline of February 28, 1997, for submission of an interconnection agreement by MCI and SWB. MCI also asked the MPSC to set a schedule for determination of permanent rates, and to clarify that MCI and other parties would be able to review and comment upon any additional evidence submitted by SWB regarding interim rates. (Exhibit I)

15. With the Arbitration Order in place, MCI proposed to SWB that the parties set a negotiation schedule and work from an interconnection agreement that SWB and MCI previously negotiated in Texas. On January 14, 1997, SWB sent a letter to MCI, refusing to commence negotiation of an MCI-SWB Missouri interconnection agreement on a date MCI proposed. SWB also advised MCI that it would not agree to a negotiation schedule and would not work from a document based on work between the parties in Texas.

16. On January 21, 1997, MCI filed a Supplement to the Application for Clarification advising the MPSC that MCI had prepared and submitted to SWB a proposed contract which was based on a similar document negotiated between the parties in Texas, but that SWB had refused to consider the document, refused to meet before January 27 to discuss such matters, and refused to set a schedule and agenda for discussion of such matters. Accordingly, MCI advised the MPSC that SWB's dilatory tactics had made a deadline of February 28 unrealistic and, therefore, MCI asked for establishment of a deadline of March 14, 1997. (Exhibit J)

17. On January 22, 1997, the MPSC issued its Order Granting Clarification and Modification and Denying Motion to Identify and Motions for Rehearing. (Exhibit K) In that Order, the MPSC modified several of its substantive decisions and established procedures and a schedule for setting permanent rates by June 30, 1997. Otherwise, the MPSC denied MCI's Application for Clarification, and continued in its failure to set a schedule for submission of an interconnection agreement by SWB and MCI.

18. On February 3, 1997, MCI filed with the MPSC an Application for Rehearing. (Exhibit L) In this pleading, MCI again asked the Commission to set a deadline for submission of an interconnection agreement between SWB and MCI. MCI explained to the MPSC that, without such a deadline, SWB would simply stall negotiations beyond June 30, 1997, and thereby render moot the interim rates (which SWB had indicated it strongly opposed in its post-award pleadings).

19. On February 18, 1997, negotiations commenced in St. Louis, Missouri, between MCI and SWB. The parties negotiated throughout February and March in St. Louis. MCI attempted to accommodate each and every one of SWB's requirements for proceeding with negotiation. Despite this accommodation, however, the negotiations made little progress because SWB failed to make available its employees for the negotiation and asserted that it was not prepared to examine and comment upon MCI's proposals for several weeks.

20. In March, MCI informed SWB that minimal progress had been made and SWB's unresponsiveness to MCI's proposals was thwarting negotiation of an interconnection agreement. MCI proposed that MCI and SWB commit to filing an interconnection agreement by April 19, 1997, and that if disputes remained, MCI agreed to include all opposing language (*i.e.* SWB competing language) in the contract for the MPSC to resolve at that time. SWB refused to commit to any filing date.

21. Negotiations continued through the beginning of April over the course of many days. MCI had now set forth and discussed its proposals for each and every section of the Missouri interconnection agreement; however, SWB had failed to resolve disputes concerning various sections of the agreement or to offer any competing language SWB might want in those sections.

22. Throughout this period of negotiation, MCI in numerous filings with the MPSC renewed its request that the Commission set a deadline for submission of a negotiated interconnection agreement. MCI made such requests on February 3, March 11 (Exhibit M), March 31, and April 21 and reiterated that SWB was attempting to delay submission of an interconnection agreement for MPSC approval by not negotiating in good faith. (Exhibit N) On April 3, 1997, the Missouri Office of Public Counsel joined MCI in requesting that the MPSC intervene to resolve the impasse in negotiations between SWB and MCI, as well as between SWB and AT&T. (Exhibit O)

23. Because further negotiation was fruitless, on June 16, 1997, MCI filed a proposed Interconnection Agreement with the MPSC and moved for its approval. SWB refused to sign the agreement. Copies of the Motion for Approval and the Agreement are submitted herewith as Exhibits P and Q. The Agreement indicates the provisions which MCI and SWB could not reach agreement. At SWB's request, MCI did not include SWB's competing language for some disputed agreement provisions.

24. On June 26, 1997, SWB filed a Motion to Strike which asked the MPSC to approve the proposed agreement with the sections proposed by SWB and opposed by MCI, but without the sections proposed by MCI and opposed by SWB. A copy of this Motion is submitted herewith as Exhibit R. MCI replied to this motion, and both MCI's and SWB's motions have not been resolved by the MPSC.

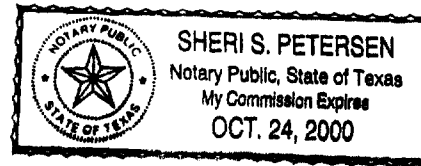
25. A proposed agreement similarly containing disputed language was submitted by AT&T in April. Although that motion has been fully briefed by the parties, in the three months since AT&T filed its agreement, the MPSC has not resolved the issues contained therein.

26. The MPSC to date has not taken any action on the agreements filed by MCI and AT&T. During the delay the MPSC has not set permanent rates and has made no progress toward setting interim rates for elements for which it requested further cost data from SWB. On June 9, 1997, the MPSC issued a Notice acknowledging that it had failed to decide upon permanent rates in accordance with the schedule it promulgated. It did not indicate when it would do so. (Exhibit S)

I, Stephen F. Morris, hereby depose and state that the statements contained herein are true and correct to the best of my knowledge, information and belief, and that the Exhibits accompanying this affidavit are true and correct copies of the original documents identified herein.


Stephen F. Morris

Notary Public 
July 17, 1997



In the Matter of)
)
 Petition of MCI for)
 Preemption Pursuant)
 to Section 202(e)(5))
 of the Telecommunications)
 Act of 1996)

Exhibit A:	Formal request for interconnection dated March 26, 1996
Exhibit B:	Petition of MCI Telecommunications Corporation and Its Affiliates Including MCImetro Access Transmission Services, Inc. For Arbitration and Request for Mediation Under the Federal Telecommunications Act of 1996 filed August 16, 1996.
Exhibit C:	Affidavit and testimony of Joann Russell in Case No. TO-97-67 taken September 11, 1996
Exhibit D:	Joint Initial Brief of MCI Telecommunications Corporation and AT&T Communications of the Southwest, Inc. dated November 8, 1996.
Exhibit E:	Reply Brief of MCI Telecommunications Corporation dated November 15, 1996
Exhibit F:	Arbitration Order issued in Case Nos. TO-97-124 and TO-97-67 on December 11, 1997
Exhibit G:	Arbitration Order issued in Case No. TO-97-124 on January 15, 1996.
Exhibit H:	Arbitration Order issued in Case No. TO-97-63 on December 10, 1996
Exhibit I:	MCI Telecommunications Corporation's Application for Clarification filed December 20, 1996
Exhibit J:	Supplement to Application for Clarification of MCI Telecommunications Corporation and Its Affiliates Including MCImetro Access Transmission Services, Inc. filed January 21, 1997

- Exhibit K: Order Granting Clarification and Modification and Denying Motion to Identify and Motions for Rehearing filed January 22, 1997
- Exhibit L: Joint Application for Rehearing of MCI Telecommunications Corporation and Its Affiliates Including MCImetro Access Transmission Services, Inc. (MCI) and AT&T Communications of the Southwest, Inc. filed February 3, 1997
- Exhibit M: MCI's Request for Oral Argument filed March 12, 1997
- Exhibit N: MCI's Reply to SWB's Opposition to Oral Argument filed March 18, 1997
- Exhibit O: Office of the Public Counsel's Request to Set a Prehearing Conference or Status Conference filed April 3, 1997
- Exhibit P: MCI Telecommunications Corporation's and MCImetro Access Transmission Services, Inc.'s Motion for Approval of Interconnection Agreement filed June 16, 1997
- Exhibit Q: MCImetro/SWB Interconnection Agreement filed June 16, 1997
(*Bound separately*)
- Exhibit R: Southwestern Bell Telephone Company's Motion to Strike filed June 26, 1997
- Exhibit S: Notice Regarding Schedule for Development of Permanent Rates filed June 9, 1997